

Read My Lips > Global Currencies

## His Former Majesty — The U.S. Dollar

By [The Globalist](#) | Wednesday, May 28, 2003

*The U.S. dollar is falling — and this has global repercussions. While some analysts believe the decline to be a necessary correction, others are less relaxed. The views change from continent to continent — and everyone seems to want to have a say in the debate. Our Read My Lips feature highlights what is at stake for the global economy.*

### What does the dollar's decline signify to some observers?

"The superpower is living on borrowed money and borrowed time."

(Martin Wolf, Financial Times columnist, January 2003)

### Are economists worried?

"If it falls a moderate amount, that's a welcome correction."

(Kenneth Rogoff, IMF Chief Economist, May 2003)

### Can the United States afford to be relaxed about its currency?

"The United States should just sit back — and enjoy the fall in the dollar."

(Jim O'Neill, Head of economics at Goldman Sachs, July 2002)

### What used to keep the dollar going?

"What really sustains the dollar is the net export of U.S. capital assets — the purchase by foreigners of stocks, bonds, real estate or whole companies."

(Gene Epstein, Barron's columnist, November 2002)

### What does the Bush Administration think is a "strong" dollar?

"What you want to be strong is that you want them to see a currency as a good medium of exchange."

(U.S. Treasury Secretary John Snow, May 2003)

### How do the markets react to such a statement?

"I have a short position against the dollar — because I listen to what the Secretary of the Treasury is telling me, so whom am I to stand in the way?"

(George Soros, Chairman of Soros Fund Management, May 2003)

### **Why are they so concerned?**

"The last Treasury chief who tried to trash the value of what they own in order to squeeze out more export growth was Michael Blumenthal in the unlamented Carter Presidency."

(Wall Street Journal editorial, May 2003)

### **How long will the dollar stay down?**

"The White House will not be able to encourage a dollar rally until Karl Rove holds a press conference on the subject."

(David Hale, founder of Chicago-based Hale Advisors, May 2003)

### **Do South East Asian countries feel the pressure?**

"The dollar has depreciated by 25% — in other words, we are earning 25% less."

(Malaysia's Prime Minister Mohamad Mahathir, May 2003)

### **What are they planning to do about it?**

"We are strongly tied to the dollar. With the dollar's decline, it is wise for Indonesia to diversify its reserves into euros."

(Rizal Ramli, former Indonesian Finance Minister, May 2003)

### **Who will experience the downside to a weak dollar the most?**

"East Asian governments are intervening to limit the relative rise in their currency values — leaving Europe to bear most of the immediate costs of adjustment."

(Financial Times editorial, May 2003)

### **How does it affect Europe?**

"For Europe's exporters, it's like being a jogger, constantly running uphill and against headwinds."

(Thomas Mayer, Chief European Economist at Deutsche Bank, May 2003)

### **How does the fall of the dollar affect non-U.S. businesses?**

"The weak dollar has had the effect of cutting our upward spurt in half."

(Nikolaus Schweickart, Chairman of German pharmaceutical company Altana, May 2003)

### **Why do some people in Africa prefer euros over dollars?**

"The most effective means of peaceful protest available to bring the United States to its senses."

(Sheik Ibrahim Umar Kabo, Head of Nigeria's Council of Muslim Scholars, April 2003)

### **And finally, what sums it all up?**

"Got a Buck? You're in luck."

(McDonald's TV ad campaign, December 2002)



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